

### MSE trading activity

The Malawi All Share Index (MASI) lost by 0.002% to close the week at 31,263.14 from 31,263.67 the previous week, due to a marginal share price drop in FMBCH to K159.99 from K160.00 the previous week. 1,448,978 shares were traded during the week compared to 938,975 the previous week, representing a 54.31% increase. The year-to-date return on the MASI stands at 44.75% compared to 27.81% for the corresponding period in the previous year. There were no trades on the listed bond market (Source: MSE).

### Corporate update

Company	Declared dividend (K)	Last day to register	Payable
SUNBIRD	0.63	27-Jul-18	3-Aug-18
PCL	20.00	TBA	TBA
MPICO	0.10	27-Jul-18	10-Aug-18

(Source: MSE)

NBM reported a profit of K8.5b for the half year ended 30 June 2018, representing a 10.3% drop from K9.5b registered same period in 2017. The drop is largely on account of decreased interest margins (Source: The Daily Times, 3<sup>rd</sup> August 2018).

### Foreign exchange market developments

The Kwacha remained stable against USD during the week, while appreciating against GBP, EUR and ZAR. Gross official foreign exchange reserves dropped to USD750.83m (3.59 months of import cover) as at 1<sup>st</sup> August 2018 from USD754.24m (3.61 months of import cover) recorded on 27<sup>th</sup> July 2018 (Source: RBM). The Kwacha is expected to remain stable in the short term as foreign exchange inflows continue from the ongoing tobacco auction sales. As at the end of week 16 of the tobacco auctions on 27<sup>th</sup> July 2018, USD271.78m had been realised, compared to USD205.77m realised during a corresponding period in 2017 (Source: TCC).

### Treasury Bill market

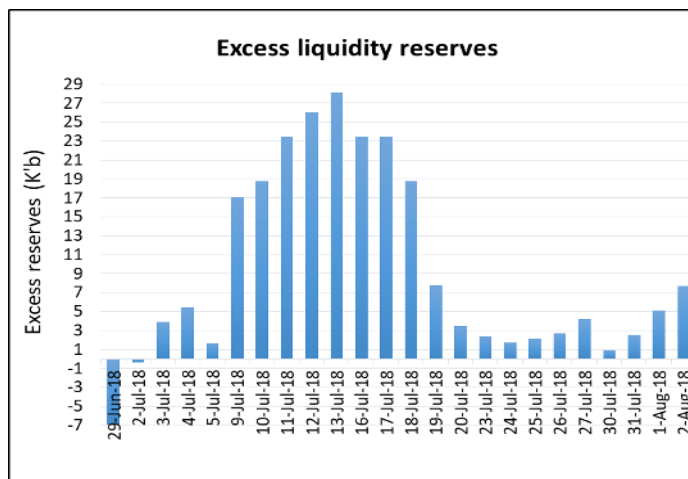
Government raised a total of K9.96b through Treasury Bill auctions conducted during the week, a decrease of 15.32% when compared to K11.76b raised in the previous week. The auctions registered a zero rejection rate. The average yield was steady at 14.50% (Source: RBM). Treasury Bill yields are expected to remain stable in the near-term. However, persistent inflation risks threaten continued stability of interest rates in general in the medium to long term.

### Interbank market activity

Liquidity levels increased during the week, with excess reserves increasing by 65.72% to a daily average of K4.09b from K2.47b the previous week. Access on the Lombard Facility increased to K65.91b compared to K46.20b accessed during the previous week. The daily average volume traded on the interbank market increased to K9.92b from K6.83b the previous week. The average overnight interbank rate increased to 15.27% from 13.73% the previous week. There were no Open Market Operations (OMO) during the week (Source: RBM). We expect interbank rates to remain elevated in the short term, owing to the continued relatively low liquidity in the market.

Stock market indices				
	3-Aug-18	% Δ	27-Jul-18	
MASI	31,263.14	↓ -0.002%	31263.67	
DSI	20,513.69	→ 0.00%	20513.69	
FSI	8,237.32	↓ -0.01%	8237.82	
Traded volume	938,975	→ 0.00%	938,975	
Market capitalisation (K' b)	1,385.75	↓ -0.002%	1,385.77	
Gainers	Current price (K)	% Δ	Previous price (K)	
None				
Losers	Current price (K)	% Δ	Previous price (K)	
FMBCH	159.99	↓ -0.01%	160.00	
Treasury Bill auctions				
	Auction held on 31		Auctions held on 24,	
Tenor (days)	July 2018	% Δ	25 & 26 July 2018	
91	14.00%	→ 0.00	14.00%	
182	14.50%	→ 0.00	14.50%	
364	15.00%	→ 0.00	15.00%	
All-type	14.50%	→ 0.00	14.50%	
Overall rejection (K'm)	0.00		0.00	
Alloted (K' m)	9,956.80	↓ -15.32%	11,758.00	
Projected maturities				
Week ending	3-Aug-18	Aug-18		
TBs, PNs & TNs	1,654	23,320		
OMO	6,330	46,528		
Inflation				
Month	Jun-18	% pts Δ	May-18	
Rate	8.60%	↓ -0.30	8.90%	
Cumulative tobacco sales as at 27th July 2018 (week 16)				
Year	2018	% Δ	2017	
Volume (Kg)	156,127,613	↑ 51.06%	103,352,272	
Value (USD)	271,776,122	↑ 32.08%	205,773,531	
Average price (USD/Kg)	1.74	↓ -12.56%	1.99	
% of GDP	5.87	↑ 32.08%	4.44	
RBM indicative mid exchange rates				
Currency	3-Aug-18	% Δ	27-Jul-18	
USD	725.9868	→ 0.00%	725.9868	
GBP	943.0569	↑ -0.87%	951.3331	
ZAR	53.8071	↑ -2.09%	54.9574	
EUR	840.6201	↑ -0.56%	845.3390	
Gross official foreign exchange reserves position				
	1-Aug-18	27-Jul-18	20-Jul-18	
Reserves (USD'm)	750.83	754.24	758.59	
Import cover (months)	3.59	3.61	3.63	

(Sources: MSE, RBM, NSO, TCC)



(Source: RBM)

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